

5/27/87

SJR 54
Montford
(T. Smith)

SUBJECT: Authorization for water project bonds

COMMITTEE: Natural Resources: favorable, without amendment

VOTE: 6 ayes--T. Smith, J. Harris, C. Johnson, Holzheuser
Russell, Yost

0 nays

3 absent--Hammond, Shelley, Toomey

SENATE VOTE: On third reading, May 7--30 ayes, 1 nay
(Washington recorded nay)

WITNESSES: For--Steve Stagner, Texas Water Alliance

Against--None

On--Ken Kramer, Sierra Club; Suzanne Schwartz, Texas
Water Development Board

BACKGROUND: In 1985 Texas voters approved a constitutional
amendment authorizing the state to issue \$980 million
of general-obligation bonds, of which \$400 million was
earmarked for state participation in reservoirs,
conveyance, water-supply and wastewater-treatment
facilities; \$190 for wastewater treatment projects in
"hardship" political subdivisions (i.e. cities or
others that could not otherwise sell their own water
bonds) and regional wastewater treatment facilities;
\$190 million for "hardship" water-supply projects,
regional water-supply projects and water-supply
projects in areas that are converting from groundwater
to surface-water supplies; and \$200 million for
structural and nonstructural flood-control projects.
("Structural" flood control requires construction of
public works such as dikes or levees; "nonstructural"
flood control means controlling flood damage without
building anything--e.g., by converting floodplains to
parkland.)

Of the current \$980 million bonding authorization for
water projects, \$830 million is as yet unissued: \$400
million of the bonds for storage acquisition; \$80
million of the bonds for water-supply projects; \$190
million of the bonds for wastewater treatment; and \$160
million of the bonds for flood control projects remain

unissued. The board recently issued \$110 million in bonds for water-supply projects and \$40 million in bonds for flood control projects.

DIGEST:

SJR 54 proposes a constitutional amendment to authorize the Water Development Board to issue an additional \$400 million of general-obligation bonds, of which \$200 million would be earmarked for "hardship" water-supply projects, regional water-supply projects, and water-supply projects in areas that are converting from groundwater to surface water supplies; \$150 million for "hardship" wastewater-treatment projects and regional wastewater-treatment projects; and \$50 million of structural and nonstructural flood-control projects.

The proposed constitutional amendment would be submitted to the voters at the Nov. 3, 1987 election. The ballot proposal would read: "The constitutional amendment to authorize the issuance of an additional \$400 million of Texas Water Development Bonds for water supply, water quality, and flood control purposes."

SUPPORTERS
SAY:

Texas needs money for water projects, because the customary sources of funding -- federal grants -- are dwindling. Cutbacks have hurt both water-supply and water-quality projects.

Additional bonding authority is needed to replenish the funds to support water-supply and flood control projects. A significant amount of the bonding authority for these types of projects has already been issued, and the remaining amount will be used up in the next biennium.

The additional \$200 million bonding authority for wastewater treatment projects is needed to provide matching state funds for the new federal revolving fund to build and upgrade wastewater treatment plants. This program, which replaces the federal construction grants program, establishes a perpetual revolving loan program that will require 20 percent matching money from the states.

OPPONENTS
SAY:

It is too soon to go back to the voters to get additional bonding authority after having just received a \$980 million authorization in 1985. This additional bonding authority is unnecessary because the Legislature will have created a number of new financing mechanisms this session that will be adequate to fund

water projects over the next biennium. These include the state water pollution control fund and the revenue bond program (SB 807 by McFarland) that would allow the state the take advantage of the federal funds under the revolving loan program. Furthermore, the creation of the Texas Water Resources Finance Authority (HB 1127 by Craddick) would allow the Water Development Board to increase the amount of funds available for water projects.